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SUBJECT: VIETNAM SHRUGS OFF CUBAN AND VENEZUELAN ECONOMIC TIES

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1. (U) This cable is sensitive but unclassified. For official use only, not for dissemination outside USG channels or posting on the internet.

2. (SBU) Summary: Cuba does not appear to be in a rush to learn about Vietnam's successful free market experiments, according to officials from Vietnam's Foreign Ministry Latin America division. The Cubans have not made approaches to Vietnam on economic reform, they added. The senior diplomats did not see much room to grow or much in common with Venezuela, either. They are disappointed by the low trade numbers throughout the region, especially Mexico's and Brazil's, but are hopeful for free trade negotiations with Chile. End summary.

3. (SBU) Econoff met with Ministry of Foreign Affairs (MOFA) Americas Department Deputy Director for Latin America, Le Thanh Tung, and Chief of the Latin American Division, Do Doinh Truong, on an informal introductory meeting on January 25. Truong and Tung are the Government of Vietnam's (GVN) highest-ranking Latin American specialists.

TRADE GROWING BUT VIETNAM RUNS DEFICITS  
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4. (U) Two-way trade with Vietnam's largest Latin American trading partners (Argentina, Brazil, Chile, Colombia, Mexico, Cuba, Panama and Peru) was one billion dollars in 2005, according to the GVN's most recent numbers, of which \$539.9 million were Vietnamese exports and \$464.3 million imports from these countries, representing 55% growth in exports and 47% in imports from the previous year. Vietnam had trade deficits with Brazil (\$43. million), Chile (\$46.6 million), Argentina (\$253 million) and Peru (\$23.8 million).

CUBA: IF THEY WANT TO LEARN, THE DOORS ARE OPEN  
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5. (SBU) The MOFA officials dismissed reports that Cuba has reached out to Vietnam for advice on economic reform, in particular making the transition from a command to a market economy. "No, they have not approached us," Tung said, shrugging, "Vietnam is a market economy and they are not, there is not much that can be done about that." He added that the "doors are always open" to Cuba's leadership, "if they want to learn from us," but that Vietnam would not offer unsolicited advice. The diplomats said that, these days, most of the Cuba - Vietnam relations are carried out between each other's Communist parties, and that they expected this relationship to remain close but largely symbolic.

6. (U) Trade between Cuba and Vietnam heavily favors Vietnam, and Cuban exports to Vietnam have been in steady decline for the last decade. In 2004, the most recent numbers released by the GVN, Vietnam exports amounted to \$10.5 million, while imports from Cuba

totalled \$137,000 (down from \$689,000 in 2001). During an official visit by Cuba's Minister of Light Industry in October 2007, the GVN announced that Vietnam would invest in a light bulb plant in Cuba, although few details were provided and the plan has not resurfaced since.

#### ----- VENEZUELA: DIFFERENT POLITICAL SYSTEMS

¶17. (SBU) Tung and Truong also minimized the potential for closer relations with Venezuela. "They have a political program that is different to ours," the former said. He explained that economic relations between the two would not amount to more than "a few joint agreements for [oil] exploration." Vietnam exports to Venezuela amounted to \$4.7 million while imports from Venezuela were \$727,000, the most recent figures available.

#### ----- MEXICO AND BRAZIL: DISAPPOINTING NUMBERS

¶18. (SBU) The diplomats also said that the balance of trade with Mexico and Brazil exemplified the low intensity of Vietnam's commercial relations with Latin America. Mexico, Truong said, was overly focused on trade north of the border and did not seem too interested in furthering ties with Vietnam. Mexico has a trade deficit with Vietnam, which stood at \$96 million for the first quarter of 2006. Tung saw great potential in two-way trade with Brazil (\$208.4 million in 2006), but complained that Vietnam had not been able to penetrate their markets effectively. In 2006, Vietnam had an \$84.7 million trade deficit with Brazil, mostly caused by imports of pulp, plastics and cotton, while its exports to Brazil were mostly in shoes.

#### ----- HIGH HOPES ON CHILE

¶19. (SBU) The MOFA officials had high hopes on Chile, especially for negotiations for a free trade agreement that were officially

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announced in late January. Prime Minister said at the announcement that he hoped Chile would be the "gateway for Vietnamese goods to enter the Latin American market." Trade volume between Vietnam and Chile has increased in recent years, reaching over \$200 million in ¶2007.

#### ----- NICARAGUA SILENT, PERU SUPPORTIVE

¶10. (SBU) Rounding up the discussion, Tung said that his office had not had much contact with Nicaragua, since the Sandinistas won back the Presidency in 2006. In Peru, he noted with interest President Alan Garcia's newfound faith in free trade and open markets, but did not draw comparisons with Vietnam's own conversion. He said that Vietnam was very grateful to Garcia for having recognized Vietnam as a "market economy" in 2006.

MICHALAK